

EXAMINER'S BANKING PRACTICES SURVEY

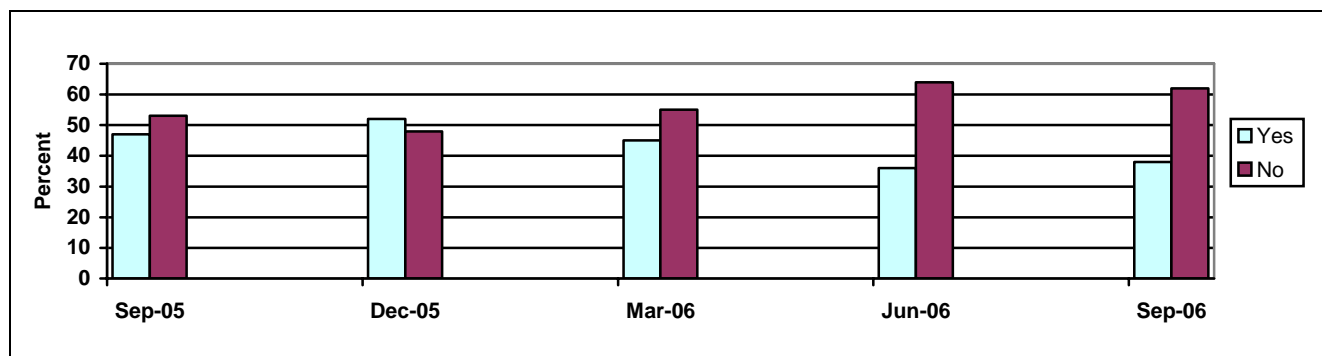
Third Quarter 2006

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2006** results are compiled from **24** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
RE/Const/Land Devel	32%	31%	21%	27%	26%
RE/Agricultural	5%	15%	18%	23%	16%
RE/Commercial/Indust	21%	23%	18%	11%	21%
RE/Residential	13%	10%	14%	11%	5%
Agricultural	11%	8%	11%	11%	11%
Commercial/Industrial	13%	8%	18%	17%	16%
Consumer	5%	5%	0%	0%	5%

2. Is the institution active in making the following types of loans?

	Dec-05		Mar-06		Jun-06		Sep-06	
	Yes 0%	No 100%	Yes 0%	No 100%	Yes 7%	No 93%	Yes 13%	No 87%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		0%		0%	
Dealer paper	0%		0%		100%		100%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

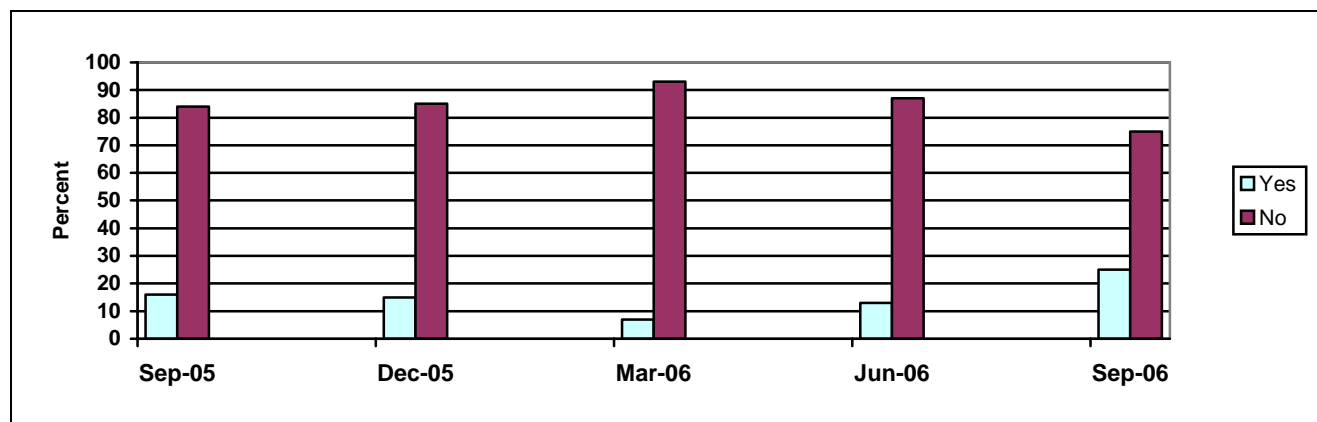
	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Yes	3%	0%	0%	10%	4%
No	97%	100%	100%	90%	96%

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4. Does the institution use credit scoring models for loan decisions?

	Dec-05		Mar-06		Jun-06		Sep-06	
	Yes 15%	No 85%	Yes 3%	No 97%	Yes 13%	No 87%	Yes 8%	No 92%
Of Yes Responses - Loan type								
Credit card	8%		20%		12%		0%	
Consumer	31%		20%		44%		40%	
Residential mortgage	31%		20%		22%		40%	
Small business	23%		20%		22%		20%	
Other	7%		20%		0%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Making collateral based loans?	37%	25%	33%	44%	44%
Reduced collateral margins?	18%	13%	0%	12%	0%
Not requiring cash flow projections?	9%	25%	34%	22%	44%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	27%	13%	0%	22%	12%
Waiving guarantees or other documentation?	0%	13%	33%	0%	0%
Other	9%	11%	0%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Agricultural Loans					
Minimal	78%	76%	90%	74%	88%
Moderate	19%	24%	10%	23%	12%
Substantial	3%	0%	0%	3%	0%
Commercial Loans					
Minimal	56%	67%	68%	61%	54%
Moderate	41%	33%	29%	32%	46%
Substantial	3%	0%	3%	7%	0%
Consumer Loans					
Minimal	88%	88%	87%	74%	92%
Moderate	9%	12%	13%	26%	8%
Substantial	3%	0%	0%	0%	8%
Residential Loans					
Minimal	81%	76%	84%	77%	92%
Moderate	16%	24%	16%	23%	8%
Substantial	3%	0%	0%	0%	0%

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7. Differences between actual lending practices and written policies are:

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Agricultural Loans					
Minimal	84%	97%	87%	94%	88%
Moderate	16%	3%	13%	3%	8%
Substantial	0%	0%	0%	3%	4%
Commercial Loans					
Minimal	75%	76%	84%	81%	79%
Moderate	22%	24%	13%	16%	17%
Substantial	3%	0%	3%	3%	4%
Consumer Loans					
Minimal	94%	94%	90%	84%	92%
Moderate	6%	6%	10%	16%	4%
Substantial	0%	0%	0%	0%	4%
Residential Loans					
Minimal	84%	85%	93%	93%	96%
Moderate	16%	15%	7%	7%	4%
Substantial	0%	0%	0%	0%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Carryover Debt					
Minimal	84%	85%	90%	77%	88%
Moderate	16%	15%	10%	23%	12%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	97%	85%	84%	87%	88%
Moderate	3%	12%	10%	13%	12%
Substantial	0%	3%	6%	0%	0%
Drop in Land Values					
Minimal	81%	76%	74%	84%	75%
Moderate	16%	21%	19%	16%	25%
Substantial	3%	3%	7%	0%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Dec-05		Mar-06		Jun-06		Sep-06	
No. Banks with Inc/(Dec) in ratio (%)	+ 58%	- 42%	+ 57%	- 43%	+ 44%	- 56%	+ 71%	- 29%
Average Inc/(Dec)in Ratio	9.6	(6.9)	6.4	(8.3)	8.1	(5.8)	5.3	(5.2)
Cause of Increase								
Eased underwriting standards	4%		4%		5%		11%	
Deterioration in new loans	15%		24%		19%		4%	
Deterioration in older loans	42%		60%		48%		61%	
Participations or out-of-territory	8%		4%		0%		0%	
Economic conditions	15%		8%		5%		8%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	4%		0%		0%		8%	
Other	12%		0%		23%		8%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
RE/Const/Land Development	9%	25%	15%	4%	11%
RE/Agriculture	6%	3%	7%	2%	2%
RE/Commercial/Industrial	37%	25%	30%	54%	49%
RE/Residential	25%	26%	14%	11%	19%
Agricultural	3%	3%	1%	1%	1%
Commercial/Industrial	14%	12%	27%	25%	15%
Consumer	6%	6%	6%	3%	3%

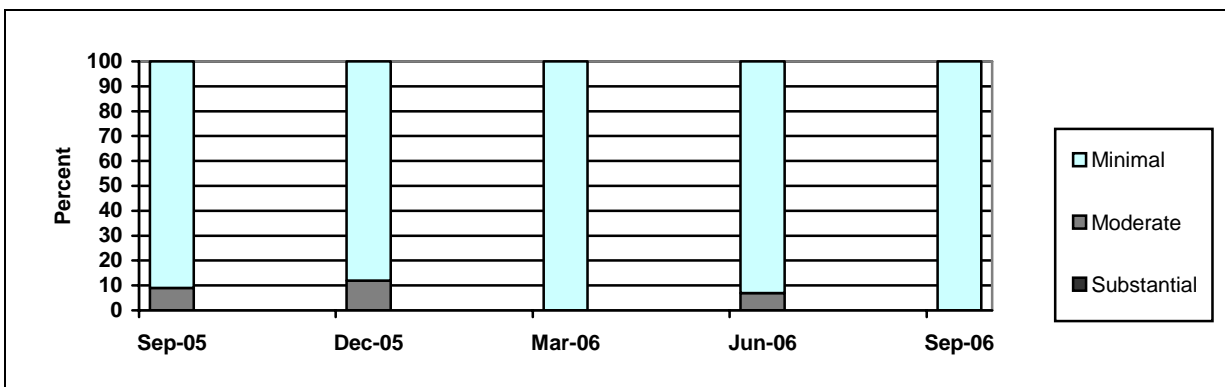
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INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Yes	87%	73%	81%	58%	75%
No	13%	27%	19%	42%	25%
If yes, does the bank actively borrow from the FHLB?					
Yes	89%	75%	76%	89%	72%
No	11%	25%	24%	11%	28%

14. Does the bank hold off-balance sheet derivatives?

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Yes	3%	0%	0%	10%	8%
No	97%	100%	100%	90%	92%

15. List nontraditional activity the institution is engaged in.

	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Yes	75%	70%	84%	81%	83%
No	25%	30%	16%	19%	17%
Of those that do:					
Nondeposit Investment Sales	21%	23%	28%	19%	29%
Insurance Sales	11%	17%	7%	10%	7%
Real Estate Loan Secondary Market Sales	23%	21%	26%	21%	19%
Non-transactional Web Site	9%	9%	4%	6%	10%
Transactional Web Site	36%	26%	33%	44%	33%
Other	0%	4%	2%	0%	2%